

LAKE ST. JOHN WATERWORKS DISTRICT

(A COMPONENT UNIT OF THE
CONCORDIA PARISH POLICE JURY)

FERRIDAY, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

LAKE ST. JOHN WATERWORKS DISTRICT

**(A COMPONENT UNIT OF THE
CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake St. John Waterworks District
Concordia Parish Police Jury
Ferriday, Louisiana

We have audited the accompanying financial statements of the Lake St. John Waterworks District, a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2012 and 2011, as listed in the foregoing table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate remaining fund information of the Lake St. John Waterworks District as of December 31, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 and page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake St. John Waterworks District financial statements as a whole.

This report is intended for the information of the Commissioners, the Concordia Parish Police Jury, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
April 26, 2013

SECTION I
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2012 AND 2011

INTRODUCTION

The Management's Discussion and Analysis of the Lake St. John Waterworks District's financial performance presents a narrative overview and analysis of the District's financial activities for the years ended December 31, 2012 and 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Lake St. John Waterworks District's financial statements.

The Lake St. John Waterworks District is located on Highway 569 near Ferriday, Louisiana in Concordia Parish. The District provides water to approximately 642 customers and is a component of the Concordia Parish Police Jury.

FINANCIAL HIGHLIGHTS

Assets exceeded liabilities by \$443,110 and \$463,256 in 2012 and 2011, respectively.
Expenditures exceeded revenues by \$20,146 in 2012. Revenues exceeded expenditures by \$495 in 2011.
The District had total plant and equipment of \$105,732 and \$110,679 in 2012 and 2011, respectively.
The District had payroll of \$93,600 and \$86,923 in 2012 and 2011, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lake St. John Waterworks District's financial statements are comprised of two components. These components are 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplemental information.

Fund Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statements of Net Assets present the information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the District's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal years.

Notes to the Financial Statements

The notes provide additional information to aid in a full understanding of the data provided in the financial statements. The notes are a required part of the financial statements.

Other Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning the customers' statistics and compensation of the board members. This information is included for additional information and analysis and does not constitute a part of the audited financial statements.

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2012 AND 2011

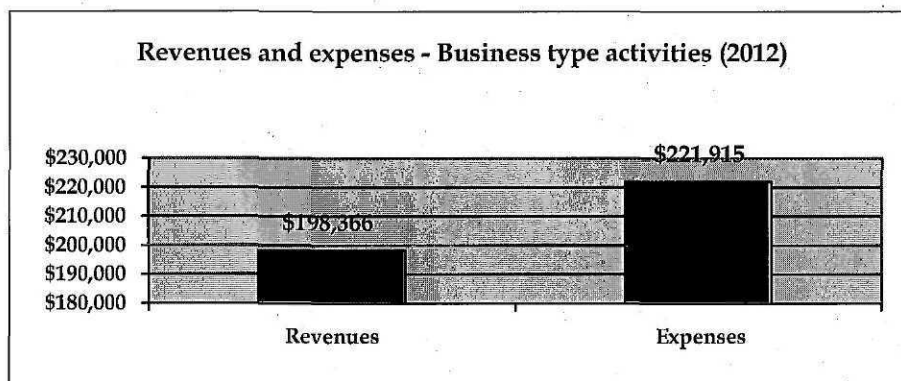
FUND FINANCIAL ANALYSIS

Net Position for the periods ending December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets	\$ 341,754	\$ 356,614
Restricted assets	26,565	24,770
Capital assets	<u>105,732</u>	<u>110,679</u>
Total assets	<u>\$ 474,051</u>	<u>\$ 492,063</u>
Liabilities		
Current liabilities	\$ 4,376	\$ 4,037
Customer deposits	<u>26,565</u>	<u>24,770</u>
Total liabilities	<u>\$ 30,941</u>	<u>\$ 28,807</u>
Net position		
Invested in capital assets	\$ 105,732	\$ 110,679
Unrestricted	<u>337,378</u>	<u>352,577</u>
Total net position	<u>\$ 443,110</u>	<u>\$ 463,256</u>

The following is a summary of the statement of activities:

	<u>2012</u>	<u>2011</u>
Revenues		
Program revenues	\$ 198,366	\$ 203,452
Interest income	<u>3,403</u>	<u>1,774</u>
Total revenues	<u>\$ 201,769</u>	<u>\$ 205,226</u>
Operating expenses	<u>\$ 221,915</u>	<u>\$ 204,731</u>
Increase (decrease) in net assets	\$ (20,146)	\$ 495
Net position at beginning of year	<u>463,256</u>	<u>462,761</u>
Net position at end of year	<u>\$ 443,110</u>	<u>\$ 463,256</u>



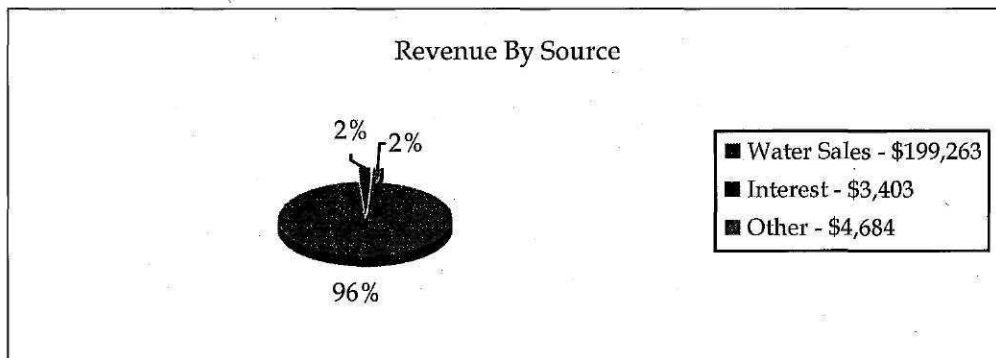
**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2012 AND 2011

FUND FINANCIAL ANALYSIS (continued)

The following chart reflects the revenues by source for Lake St. John Waterworks District. The major sources of revenues are water sales, interest income, and other income.



CAPITAL ASSETS

Lake St. John Waterworks District's investment in capital assets as of December 31, 2012, was \$105,732 (net of accumulated depreciation). This investment in capital assets includes land, distribution systems, wells and storage tanks, water meters, and furniture, fixtures, and equipment. Additions to capital assets in 2012 were as follows:

Water well overhaul \$ 19,399

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The District had 642 active customers at December 31, 2012. Rates are expected to remain at current levels next year.

The District prepares and submits a budget to the Board of Commissioners.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ruby Andrus at Lake St. John Waterworks District, 1185 Highway 569, Ferriday, LA 71334.

SECTION II
BASIC FINANCIAL STATEMENTS

LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
STATEMENTS OF NET POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 313,737	\$ 328,192
Accounts receivable, net of allowance	12,288	11,957
Accrued interest receivable	1,065	1,194
Inventory, at cost	10,020	9,284
Prepaid expenses	4,644	5,987
Total current assets	<u>\$ 341,754</u>	<u>\$ 356,614</u>
Restricted assets		
Meter deposits	\$ 26,565	\$ 24,770
Total restricted assets	<u>\$ 26,565</u>	<u>\$ 24,770</u>
Property, plant, and equipment		
Plant and equipment, at cost, net of allowance of accumulated depreciation	\$ 105,732	\$ 110,679
Total plant and equipment	<u>\$ 105,732</u>	<u>\$ 110,679</u>
Total assets	<u>\$ 474,051</u>	<u>\$ 492,063</u>

LIABILITIES AND NET POSITION

Current liabilities		
Accounts payable (payable from current assets)	\$ 4,376	\$ 4,037
Customer deposits (payable from restricted assets)	26,565	24,770
Total current liabilities	<u>\$ 30,941</u>	<u>\$ 28,807</u>
Net position		
Investment in capital assets	\$ 105,732	\$ 110,679
Unrestricted net assets	337,378	352,577
Total net position	<u>\$ 443,110</u>	<u>\$ 463,256</u>

The accompanying notes are an integral part of these financial statements.

LAKE ST. JOHN WATERWORKS DISTRICT
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING REVENUES:		
Water sales:		
Water sales	\$ 193,682	\$ 199,263
Installation and service charges	833	286
Penalties	3,171	2,973
Other income	680	930
Total operating revenues	<u>\$ 198,366</u>	<u>\$ 203,452</u>
OPERATING EXPENSES:		
Water operations:		
Salaries	\$ 93,600	\$ 86,923
Depreciation	24,346	22,468
Accounting	6,030	5,600
Auto expense	13,371	12,839
Bad debts	-	3,371
Chemicals	3,581	4,967
Computer	8,277	1,235
Cost of services	4,206	4,957
Insurance	24,834	21,005
Miscellaneous	9,872	2,197
Office supplies	1,948	1,772
Per diem	600	600
Postage and supplies	2,773	2,767
Repairs and maintenance	10,179	14,004
Taxes	7,681	7,182
Utilities	10,617	12,844
Total operating expenses	<u>\$ 221,915</u>	<u>\$ 204,731</u>
OPERATING (LOSS)	<u>\$ (23,549)</u>	<u>\$ (1,279)</u>
OTHER REVENUE		
Interest income	\$ 3,403	\$ 1,774
Total nonoperating revenues	<u>\$ 3,403</u>	<u>\$ 1,774</u>
CHANGE IN NET POSITION	\$ (20,146)	\$ 495
NET POSITION, BEGINNING OF YEAR	<u>463,256</u>	<u>462,761</u>
NET POSITION, END OF YEAR	<u><u>\$ 443,110</u></u>	<u><u>\$ 463,256</u></u>

The accompanying notes are an integral part of these financial statements.

LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash flows from operating activities		
Cash flows from customers	\$ 198,035	\$ 206,383
Cash payments to suppliers for goods and services	(103,023)	(93,539)
Cash payments for services	(93,600)	(86,923)
Net cash provided by operating activities	<u>\$ 1,412</u>	<u>\$ 25,921</u>
Cash flows from investing activities		
Interest received	\$ 3,532	\$ 3,418
Net cash provided by investing activities	<u>\$ 3,532</u>	<u>\$ 3,418</u>
Cash flows from capital and related financing activities		
Increase in customer deposits	\$ 1,795	\$ 1,615
Fixed assets acquired	(19,399)	(9,377)
Net cash (used for) capital and related financing activities	<u>\$ (17,604)</u>	<u>\$ (7,762)</u>
Net increase (decrease) in cash and cash equivalents	\$ (12,660)	\$ 21,577
Cash and cash equivalents at beginning of year	<u>352,962</u>	<u>331,385</u>
Cash and cash equivalents at end of year	<u><u>\$ 340,302</u></u>	<u><u>\$ 352,962</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss)	\$ (23,549)	\$ (1,279)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	24,346	22,468
Decrease (increase) in accounts receivable, net	(331)	2,931
Decrease in prepaid expenses	1,343	52
(Increase) decrease in inventory	(736)	691
Increase in accounts payable	339	1,058
Net cash provided by operating activities	<u><u>\$ 1,412</u></u>	<u><u>\$ 25,921</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

INTRODUCTION

The Lake St. John Waterworks District (the District) was created by ordinance of the Concordia Parish Police Jury in 1967. The purpose of the District is to process and distribute water in the Lake St. John area. The District is governed by five commissioners appointed by the Concordia Parish Police Jury. The commissioners serve five year terms which expire on a rotating basis. The District is located in an area including Lake St. John and Lake Concordia in East Central Louisiana. The District has approximately 642 customers. The District has one full-time and three part-time employees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Lake St. John Waterworks District, a component unit of the Concordia Parish Police Jury, is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the management who is responsible for their integrity and objectivity.

A. Financial Statement Presentation

The accompanying component unit financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District is a component unit of the Concordia Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Lake St. John Waterworks District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. For example, cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Inventories

Inventories consist of supplies and are recorded as an expense when consumed. Inventories are valued at the lower of cost (first-in, first-out; last-in, first-out; etc.) or market.

G. Prepaid Expenses

Payments made to vendors that will benefit beyond the current calendar year are recorded as prepaid expenses. Prepaid expenses consist primarily of prepaid insurance premiums.

H. Plant and Equipment

Fixed assets of the District are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of 5 to 50 years.

I. Bad Debts

Bad debts are collectable amounts of customer utility receivables.

J. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the financial position of the District.

K. Accumulated Unpaid Sick Pay and Unpaid Vacation

The District has no policy concerning accumulated unpaid sick pay and vacation time. The sick pay policy is you may be paid when you are sick, but there is no accrual for sick time. The policy concerning vacation is you receive one week paid vacation time after one year of service and two weeks paid vacation after ten years of service.

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Uses of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2012, the District had cash and cash equivalents (book balances) totaling \$340,302 as follows:

Demand deposits	\$ 23,484
Time deposits	316,645
Cash on hand	<u>173</u>
Total	<u>\$ 340,302</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the District's total deposits with financial institutions (collected bank balances) were \$346,389. These deposits are secured from risk by \$346,389 of federal deposit insurance.

NOTE 3 - ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Customers' utilities	\$ 14,288	\$ 13,957
Allowance for bad debts	<u>(2,000)</u>	<u>(2,000)</u>
Total	<u>\$ 12,288</u>	<u>\$ 11,957</u>

NOTE 4 - RESTRICTED ASSETS

Certain cash accounts are restricted for customer deposits. The amount restricted was \$26,565 and \$24,770 at December 31, 2012 and 2011, respectively.

LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 5 - PLANT AND EQUIPMENT

A summary of plant and equipment at December 31, 2012, is as follows:

	Beginning Balance 1/1/2012	Increase	Decrease	Ending Balance 12/31/2012
Capital assets not being depreciated				
Land	\$ 2,820	\$ -	\$ -	\$ 2,820
Capital assets being depreciated				
Furniture and fixtures	\$ 11,467	\$ -	\$ -	\$ 11,467
Distribution system, tanks, and meters	507,908	19,399	-	527,307
Equipment	4,693	-	-	4,693
Water well	59,182	-	-	59,182
Total capital assets being depreciated	\$ 583,250	\$ 19,399	\$ -	\$ 602,649
Less accumulated depreciation	\$ (475,391)	\$ (24,346)	\$ -	\$ (499,737)
Total capital assets being depreciated, net	\$ 107,859	\$ (4,947)	\$ -	\$ 102,912
Total capital assets, net	\$ 110,679	\$ (4,947)	\$ -	\$ 105,732

A summary of plant and equipment at December 31, 2011, is as follows:

	Beginning Balance 1/1/2011	Increase	Decrease	Ending Balance 12/31/2011
Capital assets not being depreciated				
Land	\$ 2,820	\$ -	\$ -	\$ 2,820
Capital assets being depreciated				
Furniture and fixtures	\$ 10,325	\$ 1,142	\$ -	\$ 11,467
Distribution system, tanks, and meters	500,265	7,643	-	507,908
Equipment	4,101	592	-	4,693
Water well	59,182	-	-	59,182
Total capital assets being depreciated	\$ 573,873	\$ 9,377	\$ -	\$ 583,250
Less accumulated depreciation	\$ (452,923)	\$ (22,468)	\$ -	\$ (475,391)
Total assets being depreciated, net	\$ 120,950	\$ (13,091)	\$ -	\$ 107,859
Total capital assets	\$ 123,770	\$ (13,091)	\$ -	\$ 110,679

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 6 - RETIREMENT COMMITMENTS

The District's employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in the payroll taxes account in the statement of revenues and expenses.

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The District does not accrue unpaid vacation pay on its financial statements and does not allow the carryover of unused vacation pay from one year to the next. The District has no policy for accrued vacation pay for terminated employees.

NOTE 8 - RISK MANAGEMENT

The District is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

SECTION III

ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

SUPPLEMENTAL INFORMATION SCHEDULE

DECEMBER 31, 2012

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

A schedule of compensation paid to board members is presented below, in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

William Coleman, President	\$ 120
Paul Herring, Vice President	120
Hall Wilson, Secretary	120
Gertrude Barber, Director	120
Jackie Hickman, Director	<u>120</u>
 Total	 <u>\$ 600</u>

See Independent Auditor's Report.

SECTION IV

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE AND OTHER
 MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
 Lake St. John Waterworks District
 Ferriday, Louisiana

We have audited the financial statements of the Lake St. John Waterworks District, a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated April 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake St. John Waterworks District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake St. John Waterworks District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake St. John Waterworks District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. The finding is referenced 2012-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake St. John Waterworks District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Lake St. John Waterworks District's responses to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management of the Lake St. John Waterworks District, the Concordia Parish Police Jury, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
April 26, 2013

SECTION V
SCHEDULE OF FINDINGS

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2012

Section 1: Summary of Auditor's Report

1. Type of auditor's report issued on the primary government financial statements:

Business-type activities

Unqualified

2. Internal control over financial reporting:

- a. Material weakness(es) identified?

No

- b. Significant deficiency(s) identified that are not considered to be material weaknesses?

Yes

3. Noncompliance material to the primary government financial statements?

No

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

DECEMBER 31, 2012 AND 2011

**STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Name of Contact Person</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Material to the Financial Statements:

2011-1	Numerous	We noted the District does not have adequate segregation of duties. This finding has been reported as a reportable condition other than a material weakness for many years.	No	Ruby Andrus	Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.
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Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

**LAKE ST. JOHN WATERWORKS DISTRICT
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

DECEMBER 31, 2012 AND 2011

**CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Planned (Yes, No, Partially)</u>	<u>Name of Contact Person</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
2012-1	Numerous	We noted the District does not have adequate segregation of duties. This finding has been reported as a reportable condition other than a material weakness for many years.	No	Ruby Andrus	Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.